

INTERNATIONAL NEPAL FELLOWSHIP

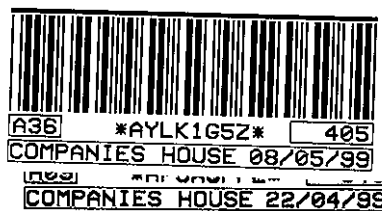
Company no. 3060972

(Limited by guarantee and having no share capital)

Registered charity no. 1047178

Reports and Financial Statements

for the year ended 15 July 1998



INTERNATIONAL NEPAL FELLOWSHIP
(Limited by guarantee and having no share capital)

Reports and financial statements for the year ended 15 July 1998

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Directors

Mr John Bradley (Chairman)
Rev John Putman
Dr David Halpin
Rev Anthony Leighton
Mr George Nichols
Mrs M Joyce Odell
Dr Elizabeth Forbes
Mr Robert Cranston
Mr Peter Rowe
Mr Asbjorn Voreland

Secretary and registered office

Mr John Reynolds, 69 Wentworth Road, Harborne, Birmingham, B17 9SS

Company number

3060972

INTERNATIONAL NEPAL FELLOWSHIP
(Limited by guarantee and having no share capital)

Report of the Directors
for the year ended 15 July 1998

The Directors, who are also the Trustees, have pleasure to present their report, together with the audited financial statements of the Company for the year ended 15 July 1998.

The company is a Registered Charity, number 1047178.

Principal Activities

The principal activities of the company are governed by the objects as set out in the Memorandum of Association as follows:

- i) To advance the Christian religion by enabling Christians to serve the Lord Jesus Christ amongst Nepali and other Asian peoples and to uphold and strengthen the church in the United Kingdom, Nepal and other countries; and
- ii) To relieve persons who are in need by reasons of poverty, sickness or distress in such ways as the company may from time to time determine including supporting the work of Christian relief and development agencies.

Review of the business and future developments

The directors are satisfied with the results for the year and do not anticipate any significant changes in the forthcoming year.

Results and dividends

The combined statement of financial activities is set out on page 4 and shows the result for the year, which was a surplus of £ 30,905 (1997-£22,696) to be transferred to reserves, leaving £ 348,310 (1997 - £317,405) in reserves at 15 July 1998. The breakdown of these amounts between the different funds is shown on page 5.

Directors

The Directors from 16 July 1997 to the date of this report were as follows:

Mr John Bradley (Chairman)
Rev John Putman
Dr David Halpin
Mr Keith Kirby
Rev Anthony Leighton
Mr George Nichols
Mrs M Joyce Odell
Dr Elizabeth Forbes
Mr Robert Cranston
Mr Peter Rowe
Mr. Ashjorn Voreland (appointed 6 November 1998)

INTERNATIONAL NEPAL FELLOWSHIP
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Report of the Directors (continued)
for the year ended 15 July 1998

Freehold property

The Directors consider that the market value of freehold property is in excess of the amount shown in the financial statements but, as these assets are used in the company's business and no disposals are envisaged, the excess is not quantified.

Directors' responsibilities:

The Directors are required to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the result for the period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue its operations.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, and to enable them to ensure that the financial statements comply with any relevant statutes. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Year 2000

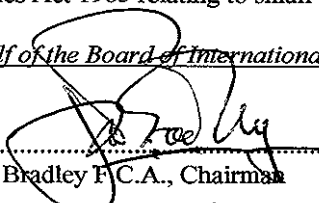
A basic assessment has been made of the risks and uncertainties associated with the year 2000 as far as it relates to computer software and hardware affecting the company. Plans have been made to upgrade computer equipment and software as necessary in order to prepare for the year 2000. Whilst the costs have not yet been quantified, the directors are of the opinion that existing funds will be sufficient for these plans. There are no related commitments at the balance sheet date.

Auditor

Paul Jackson Chartered Accountant has expressed his willingness to continue in office and a resolution to re-appoint him will be proposed at the annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board of International Nepal Fellowship


.....
Mr John Bradley F.C.A., Chairman

Dated: 17/4/99

**AUDITOR'S REPORT TO THE MEMBERS OF
INTERNATIONAL NEPAL FELLOWSHIP**

I have audited, in accordance with Auditing Standards, the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of the directors and auditor

As described on page 2, the directors are responsible for the preparation of the financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of opinion

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion, the financial statements give a true and fair view of the state of affairs of the company at 15 July 1998 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Paul Jackson
Registered Auditor
Chartered Accountant

Caledonian House
98 The Centre
Feltham
Middlesex
TW13 4BH

Date..... 6/5/99

INTERNATIONAL NEPAL FELLOWSHIP
(Limited by guarantee and having no share capital)

Combined Statement of Financial Activities
for the year ended 15 July 1998

	Note	General funds	Designated funds	Restricted funds (note 17)	Total 1998	Total 1997
		£	£	£	£	£
Continuing Activities:						
Incoming Resources						
General Donations		92,711	-	-	92,711	90,268
Deposit covenants		2,250	-	-	2,250	2,500
Legacies receivable		-	-	-	-	5,841
Support Income		-	-	336,556	336,556	312,698
Designated Nepal and seconded workers		-	-	254,024	254,024	137,369
Grants receivable		-	-	66,052	66,052	61,105
Interest receivable	9	18,182	-	-	18,182	10,711
Income from literature and other sales		4,320	-	-	4,320	1,350
Conference fees		7,632	-	-	7,632	-
Total incoming resources		125,095	-	656,632	781,727	621,842
Resources expended						
Direct charitable expenditure						
Purchases and Conference costs		8,428	-	-	8,428	-
Members' costs UK	4	-	-	90,439	90,439	82,405
Remitted to Nepal	5	-	-	528,076	528,076	401,537
		8,428	-	618,515	626,943	483,942
Other expenditure						
Communications		11,573	-	-	11,573	6,216
Stationery and supplies		8,232	-	-	8,232	10,626
Office and mission house		11,932	-	-	11,932	8,597
Publicity expenses		9,704	-	-	9,704	21,296
Personnel	3	75,664	-	-	75,664	62,130
Sundries		7,896	-	-	7,896	6,969
		125,001	-	-	125,001	115,834
Total resources expended		(133,429)	-	(618,515)	(751,944)	(599,776)
Net incoming resources before transfers	6	(8,334)	-	38,117	29,783	22,066
Transfer from restricted to unrestricted funds	7	18,000	-	(18,000)	-	-
Net incoming resources (surplus)		9,666	-	20,117	29,783	22,066
Transfers from designated funds	18	13,017	(13,017)	-	-	-
Unrealised gains on investment assets		1,122	-	-	1,122	630
Net movement in funds		23,805	(13,017)	20,117	30,905	22,696
Fund balances brought forward at 16 July 1997		18,590	261,070	37,745	317,405	294,709
Fund balances carried forward at 15 July 1998		42,395	248,053	57,862	348,310	317,405

All recognised gains and losses are included in the statement of financial activities.

The notes on pages 6 to 11 form part of these financial statements

INTERNATIONAL NEPAL FELLOWSHIP
(Limited by guarantee and having no share capital)

Balance Sheet at 15 July 1998

	Note	General funds £	Designated funds £	Restricted funds £	Total 1998 £	Total 1997 £
Fixed assets						
Tangible assets	11	-	109,987	-	109,987	116,081
Investments	12	11,166	-	-	11,166	10,044
Current assets						
Stock of literature	10	435	-	-	435	435
Debtors and prepayments	13	15,046	-	66,052	81,098	61,105
Cash at Bank - held for Nepal		-	-	84,426	84,426	65,099
Cash at Bank - Other		36,596	138,066	-	174,662	174,276
Cash in Hand		103	-	-	103	74
		52,180	138,066	150,478	340,724	300,989
Creditors: amounts falling due within one year						
Creditors and accrued charges	14	(20,951)	-	(92,616)	(113,567)	(109,709)
Net current assets		31,229	138,066	57,862	227,157	191,280
Total net assets		42,395	248,053	57,862	348,310	317,405
Funds						
Realised amounts:						
Restricted funds - emergency reserve		-	-	37,862	37,862	37,745
Designated funds:						
Operational reserve	18	-	88,200	-	88,200	96,000
Emergency reserve	18	-	44,938	-	44,938	45,655
Property reserve	18	-	114,915	-	114,915	119,415
General Reserve		36,229	-	20,000	56,229	13,546
		36,229	248,053	57,862	342,144	312,361
Unrealised amounts:						
General Reserve		6,166	-	-	6,166	5,044
		42,395	248,053	57,862	348,310	317,405

The financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985 and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of each financial period and of its surplus or deficit for each period in accordance with the requirements of section 226 of the Act, and which otherwise comply with the requirements of the Act relating to the accounts, so far as applicable to the company.

Approved by the Board on 17/4/99
and signed on its behalf by

J.S. Bradley F.C.A., Director

Rev A R Leighton, Director

The notes on pages 6 to 11 form part of these financial statements

INTERNATIONAL NEPAL FELLOWSHIP
(Limited by guarantee and having no share capital)

Notes to the financial statements for the year ended 15 July 1998

1. Accounting policies

The financial statements have been prepared under the historical cost convention.

Income

Income represents amounts received during the period, with the exception of EC grants, the accounting policy for which is set out below.

Depreciation

Depreciation is calculated to write off the cost of the assets less their residual value over their expected useful lives using the following rates:

Motor vehicles	25% reducing balance
Computer equipment	25% straight line

Freehold buildings are depreciated to write down the cost less estimated residual value over their remaining useful life by equal annual instalments. Where buildings are maintained to such a standard that their estimated residual value is not less than their cost or valuation, no depreciation is charged as it is not material.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the statement of financial activities as they become payable in accordance with the rules of the scheme. Contributions during the period amounted to £24,611 and no further contributions are payable for the year.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Investments

Investments are valued at market value in accordance with the SORP "Accounting by Charities". Changes in value during the period are reported in unrealised gains/losses in investment assets in the statement of financial activities.

Foreign currencies

Assets, liabilities, revenues and expenditure in foreign currencies are translated into sterling at the rates of exchange ruling on the date on which transactions occur, except for monetary assets and liabilities which are translated at the rate ruling at the balance sheet date, and transactions to be settled at a contracted rate and trading transactions covered by a related or matching forward contract which are translated at those contracted rates. Differences arising on the translation of such items are dealt with in the profit and loss account.

EC grants

EC grants received towards specific projects are taken to income during the period in which they are receivable so as to match them with the expenditure towards which they contribute.

Cash flow statements

The financial statements do not include a cash flow statement because, as a small reporting entity, the company is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1.

INTERNATIONAL NEPAL FELLOWSHIP
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Notes to the financial statements for the year ended 15 July 1998 (continued)

2 Turnover

All of the turnover relates to the principal activity of the company. The grant receivable of £66,052 (1997 - £61,105) is attributable to the EU, whilst the remainder of turnover is attributable to the UK market.

3 Personnel costs

	1998	1997
	£	£
Wages and salaries	61,978	52,943
Social security costs	5,938	3,781
Other pension costs	2,393	3,029
Courses, travel and other	5,355	2,377
	<hr/>	<hr/>
	75,664	62,130
	<hr/>	<hr/>

4 Members costs UK (Missionaries on furlough - restricted)

	1998	1997
	£	£
Home leave allowances	33,878	33,515
Re-equipment allowance	6,531	5,285
Accommodation and travelling	9,089	9,490
Social security costs	11,902	10,608
Other pension costs	22,218	22,516
Medical/counselling	802	758
Other expenses	6,019	233
	<hr/>	<hr/>
	90,439	82,405
	<hr/>	<hr/>

5 Remitted to Nepal

	1998	1997
	£	£
Support	208,000	203,063
Designated Nepal - monies for specific projects	213,002	107,641
EC Grant	66,052	61,105
Seconded workers	41,022	29,728
	<hr/>	<hr/>
	528,076	401,537
	<hr/>	<hr/>

6 Net movement in resources for the year

This is stated after charging		
Depreciation of owned tangible fixed assets	2,812	4,320
Loss on sale of tangible fixed assets	82	-
Audit fee	1,410	1,295
	<hr/>	<hr/>
and after crediting		
Exchange gains	2,050	-
EC grants received - restricted income	-	61,105
EC grants received - interest received	36	-
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INTERNATIONAL NEPAL FELLOWSHIP
(Limited by guarantee and having no share capital)

Notes to the financial statements for the year ended 15 July 1998 (continued)

7 Transfer from restricted to unrestricted funds

Under the terms and conditions for members, each adult UK member is responsible to find support income to include a contribution to unrestricted company administration costs. It is the policy of the company to transfer a proportion of this as decided upon by the directors.

During the year to 15 July 1998, support income included an amount exceeding £18,000 (1997 - £18,000), of which £18,000 (1997 - £12,000) was transferred to unrestricted funds during the year.

8 Directors' remuneration

No directors' remuneration was voted during the year. Directors' expenses incurred in connection with the company's affairs amounted to £1,375 (1997 - £741).

9 Other interest receivable and similar income

	1998	1997
	£	£
Bank interest	17,680	10,219
Income from investments	502	492
	<hr/>	<hr/>
	18,182	10,711
	<hr/> <hr/>	<hr/> <hr/>

10 Stocks

	1998	1997
	£	£
Goods for resale	435	435
	<hr/> <hr/>	<hr/> <hr/>

INTERNATIONAL NEPAL FELLOWSHIP
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Notes to the financial statements for the year ended 15 July 1998 (continued)

11 Fixed assets

Tangible assets

	Freehold property £	Motor vehicle £	Computer equipment £	Total £
<i><u>Cost</u></i>				
At 16 July 1997	107,415	5,835	10,839	124,089
Additions	-	-	-	-
Disposals	-	(5,835)	-	(5,835)
At 15 July 1998	107,415	-	10,839	118,254
<i><u>Depreciation</u></i>				
At 16 July 1997	-	2,553	5,455	8,008
Charge for the year	-	-	2,812	2,812
Disposals	-	(2,553)	-	(2,553)
At 15 July 1998	-	-	8,267	8,267
<i><u>Net book value</u></i>				
At 15 July 1998	107,415	-	2,572	109,987
At 15 July 1997	107,415	3,282	5,384	116,081

The directors consider that the estimated market value of the freehold property at 15 July 1998 was in excess of the cost and that its ultimate residual value will not be less than this figure. Hence, no depreciation has been charged.

12 Investments

	1998 £	1997 £
Charinco Common Investment Fund:		
Market value at 15 July 1997	10,044	9,414
Unrealised gain during the year	1,122	630
Market value at 15 July 1998	11,166	10,044

The above investments were originally acquired by International Nepal Fellowship, before the company was incorporated. The investments were transferred to the company on 15 July 1996 at the market value of £9,160.

INTERNATIONAL NEPAL FELLOWSHIP
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Notes to the financial statements for the year ended 15 July 1998 (continued)

13 Debtors and prepayments	1998	1997
	£	£
Trade debtors	1,346	-
Other debtors - Grants receivable	66,052	61,105
Prepayments	13,700	-
	81,098	61,105

There are no debtors falling due after more than one year

14 Creditors amounts falling due within one year	1998	1997
	£	£
Funds held for Nepal (restricted funds)	92,616	88,458
Trade creditors	3,585	-
Payments received on account	1,783	4,638
Accruals and deferred income	15,583	16,613
	113,567	109,709

15 Contingent liability

Should the freehold property ever be sold due to the International Nepal Fellowship ceasing to work in Nepal or the United Kingdom, there would be a liability to repay a gift of £25,000 or 25% of the net proceeds if greater. For this purpose, the net proceeds of sale will be adjusted to have regard to improvements expenditure incurred since acquisition. The directors do not anticipate such a liability crystallising in the foreseeable future.

16 Personal gifts

Personal gifts amounting to £47,570 were received on behalf of, and forwarded to missionaries in Nepal. This figure is excluded from the statement of financial activities.

17 Restricted funds

	Donations and gifts	Direct Charitable Expenditure	Surplus
	£	£	£
Gordon Leitch Memorial Scholarship Fund	15,467	-	15,467
Support income	321,089	298,439	22,650
Designated Nepal	213,002	213,002	-
EC Grant	66,052	66,052	-
Seconded workers	41,022	41,022	-
	656,632	618,515	38,117
Transfer to unrestricted funds from Support income	-	18,000	(18,000)
	656,632	636,515	20,117

INTERNATIONAL NEPAL FELLOWSHIP
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Notes to the financial statements for the year ended 15 July 1998 (continued)

18 Designated Funds

The unrestricted funds include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 16.7.97	New designations	Utilised/ released in year	Balance at 15.7.98
	£	£	£	£
Operational reserve	96,000		(7,800)	88,200
Emergency reserve	45,655	-	(717)	44,938
Property reserve	119,415	-	(4,500)	114,915
	<u>261,070</u>	<u>-</u>	<u>(13,017)</u>	<u>248,053</u>

The emergency reserve comprises moneys set aside to cover the cost of evacuating personnel from Nepal in the event of an emergency, although this is not envisaged within the twelve months following the date of the signing of the accounts. The amount set aside represents the net costs of flights from Nepal based on current air fares, together with home leave costs for two months, less the balance of restricted reserves as indicated in the balance sheet. In the opinion of the directors, the restricted reserve balance can be used for the purpose of evacuation.

The property reserve comprises the original cost of the property plus amounts which have been set aside to cover the costs of essential maintenance work, which the directors believe will be required at 69 Wentworth Road during the twelve months following the date of the signing of the accounts.

The operational reserve comprises an estimate of the costs of basic field support plus UK administration for three months, and this has been created because of the fluctuating nature of income.

19 Related party transactions

The directors consider that no transactions took place with related parties during the year.